GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2546
ANSWERED ON:25.07.2014
ERC REPORT
Kodikunnil Shri Suresh

Will the Minister of FINANCE be pleased to state:

(a) Whether Government has constituted/appointed Expenditure Reforms Commission (ERC) and if so, the details thereof:

(b) Whether the Commission has submitted its report and if so, the details thereof and action taken by the Government thereon: and

(c) The major recommendations of the report and status of implementation, point-wise?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SMT. NIRMALA SITHARAMAN)

(a) to (c) A statement is laid on the Table of the House.

STATEMENT AS REFERRED TO IN REPLY TO PARTS (A) TO (C) OF LOK SABHA UNSTARRED QUESTION NO. 2546 TO BE ANSWERED ON 25 JULY, 2014 REGARDING ERC REPORT BY SHR1 KODIKKUNNIL SURESH

The Government constituted an Expenditure Reforms Commission (ERC) headed by Shri K.P. Geethakrishnan, Fonmer Finance Secretary on 28 February, 2000. The Terms of Reference of the Commission was as follows:-

a. Keeping in view the evolving role of Government, the need to foster convergence and avoiding overlap in the functions of different Central Government Ministries, Departments and attached organisations and the role of the State Governments, suggest a road map for reducing the functions, activities and administrative structure of the Central Government;

b. Review the framework of all subsidies, both explicit and implicit, examine the economic rationale for their continuance and make recommendations for making subsidies transparent and suggest measures for maximising their impact on the target population at minimum cost; .

c. Review the framework for determination of user charges of Departmental and commercial entities and suggest an effective strategy for cost recovery through user charges;

d. Review the adequacy of staffing under Central Government Ministries, attached offices and institutions and suggest measures for rationalising the staff and cadres of different services. In this context also review the existing arrangements for re-deployment and re-training of surplus staff to ensure that any additional manpower for new areas of Government activities are met by reÂdeployment;

e . Review the procedure for setting up of Government funded autonomous institutions and their pattern of funding and suggest measures for effecting improvement and reducing budgetary support for their activities; and

f. Consider any other relevant issue concerning expenditure management in Government and make suitable recommendations.

The Commission gave its recommendations in 2001. The Commission submitted ten reports covering 36 Ministries/Departments and four specific issues, namely, Food Subsidy, Fertilizer Subsidy, Autonomous Institutions and Optimizing Staff Strength. The recommendations contained in these reports were forwarded to the concerned Ministries/Departments for implementation. The implementation of the decisions rests with the concerned Departments. Major recommendations of the Commission include the following:-

a) Rationalisation of the functions, activities and structure of the Ministry of Urban Development and Poverty Alleviation.

b) Rationalizing fertilizer subsidies.

c) Restructuring of the Department of Economic Aflaifs7.

d) Rationalisation of the functions, activities and structures of the Ministry of Small Scale Industries and Agro and Rural Industries.

e) Rationalisation of the functions, activities and structures of the Department of Posts.

f) Rationalisation of .the functions, activities and structures of the Ministry of Steel.

g) Rationalisation of the functions, activities and structures of the Ministry of Agriculture and Cooperation.

h) Rationalisation of the functions, activities and structures of the Ministry of Road Transport and Highways.

i) Abolition of Internal Work Study Units in various Ministries/ Departments.

j) Rationalisation of the functions, activities and structures of Department of Public Enterprises.

3. The Finance Minister in his Budget speech 2014-15 has announced constitution of an Expenditure Management Commission (EMC), which will look into various aspects of expenditure reforms to be undertaken by the Government.